

The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

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3 November 1988

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM: William R. Kotapish
National Intelligence Officer for Counternarcotics

SUBJECT: Report on 20 October 1988 NIO/Counternarcotics
Warning and Forecast Meeting

1. The 20 October 1988 Warning and Forecast Meeting featured: a presentation from CIA's Office of Congressional Affairs on the new drug bill; a presentation by the chairman of the DDS&T special task force on counternarcotics; a brief on a soon-to-be-published DI paper on money laundering in the Caribbean; a briefing by the A/NIO/CN on the State/INM European narcotics coordinators' conference held in The Hague from 12-14 October; an overview of the heroin challenge worldwide by CIA/DI/OGI; and a review of the Intelligence Community's current efforts in support of counternarcotics operations in Peru.

2. Legislative Initiatives: The representative from the CIA's Office of Congressional Affairs discussed the status of the drug bill. He emphasized that the bill now in committee will have language relative to the protection of sensitive intelligence sources and methods and will also recognize the Agency's other strategic missions and responsibilities. He confirmed that the language of the new bill would include a weak "drug czar" provision.

3. CIA DDS&T Special Task Force on Counternarcotics: The chairman of this committee briefed on the DDS&T's injunction that senior representatives of the Directorate take a fresh look at the drug issue. The chairman asserted that his committee would soon be in touch with members of the narcotics enforcement community to provide briefings.

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4. Caribbean Drug Money Laundering: A representative from CIA/OGI outlined a paper which is to be published soon concerning the Panamanian crisis and its implications for narcotics money launderers. Finding alternate locations has not been an easy task for the traffickers. For the present they appear to be focusing on The Caymans and the Bahamas. Their basic approach, however, may be to wait out the Panamanian difficulty until the political and economic climate is more favorable to their interests and which time they will return to Panama.

5. State/INM European Narcotics Coordinators' Conference: The A/NIO/CN attended the 12-14 October conference in The Hague. Included among the principal observations were:

- o Europe is ill-prepared philosophically, socially, and institutionally to deal with what is bound to become a major cocaine explosion over the next few years.
- o The European drug enforcement infrastructure has been and is currently aimed at confronting a heroin trafficking problem. In the cocaine trade, the players and the trafficking networks are all different.
- o AIDS is the number one public health priority and the social prism through which drug problems are viewed.
- o Watching the United States develop its drug policies, Europe is not so sure that our current approach is very effective, and is quick at this point to question critically US drug enforcement and prevention methods.
- o With all national customs barriers ending by 1992, Europe will face a significant challenge to the enforcement process.
- o Cocaine seizures in Spain over the first six months of 1988 have surpassed total seizures for Europe in 1987 and may well reach over 8,000 kilograms by the end of the year. Forty percent of all cocaine trafficking into Europe goes through Spain. Most countries would like to take advantage of US narcotics training offers, but prefer to have it tied, however loosely, to counterterrorism.

6. Heroin: Is It Making a Comeback? The OGI representative presented the key judgments of a paper on the worldwide heroin trade including:

- o The worldwide heroin trade is growing increasingly complex and difficult to police despite numerous drug control initiatives over the past two decades.

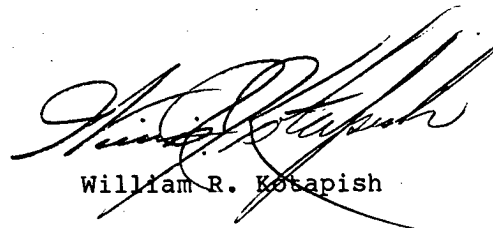
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- o The effectiveness of opium production control strategies is increasingly limited by the growing sophistication of current trafficking networks and the expansion of markets.
- o Crop eradication efforts are fragmenting the trade by causing traffickers to turn to alternate source areas, such as Afghanistan and Laos, generating an increasingly complex web of routes, methods, and networks.
- o Involvement of semi-autonomous ethnic and other groups in Burma, Iran, and elsewhere whose control of remote areas and propensity toward violence puts the trade further beyond the reach of central authorities.
- o Vulnerabilities in the industry are most likely to be found in those areas where authorities retain influence sufficient to dismantle the networks that link remote producers to Western wholesalers: in Karachi, Bangkok, Istanbul, and other brokering centers in Europe, Asia, and Mexico.

7. The enforcement community will have to remain flexible to deal with the worldwide fragmentation of the heroin trade. Several discussants focused on the still-difficult intelligence question of crop yield estimates and the fact that the heroin drug industry has managed to absorb a number of shocks to its system with no appreciable impact on overall trafficking. There was also a spirited debate on the policy community's incessant appeal for more precise data on crop production, etc., while at the same time settling for less than accurate data on the size of the domestic US drug market.

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